

Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 ISO-00 TRSE-00 SSO-00 NSCE-00 USIE-00

INRE-00 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00 FRB-03

H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01

AID-05 CIEP-01 SS-15 STR-04 TAR-01 PRS-01 SP-02

FEAE-00 OMB-01 /086 R

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TREAS:RSELF

EUR/CE:BFLATIN

EUR/RPE:JMCCARTHY (INFO)

----- 014264

O R 011735Z JUL 75

FM SECSTATE WASHDC

TO AMEMBASSY BERN IMMEDIATE

INFO AMCONSUL ZURICH

AMEMBASSY VIENNA

USMISSION EC BRUSSELS

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E.O. 11652: N/A

TAGS: ETRD, SZ

SUBJECT: COUNTERVAILING DUTIES -- CHEESE FROM SWITZWRLAND

REF: STATE 153605

1. FOLLOWING LETTER BEING DELIVERED TO SWISS EMBASSY
TODAY (JULY 1) TO BE FORWARDED TO JACOBI: BEGIN TEXT:

DEAR AMBASSADOR JACOBI:

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THIS LETTER IS IN FURTHER EXPLANATION OF THE ATTACHED
DRAFT PRESS RELEASE CONCERNING U.S. INTENTIONS WITH REGARD
TO A WAIVER OF COUNTERVAILING DUTIES IN THE SWISS
EMMENTHALER/GRUYERE INVESTIGATION.

YOU WILL NOTE THAT THE RELEASE STATES THAT A WAIVER
WILL BE ISSUED WITH "THE UNDERSTANDING THAT SWISS POLICIES
WITH RESPECT TO EXPORTS OF EMMENTHALER AND GRUYERE CHEESE
TO THE UNITED STATES WILL NOT CAUSE DISRUPTION IN THE U.S.
MARKET." OUR UNDERSTANDING OF THESE POLICIES IS AS
FOLLOWS:

.....(1) THERE WILL BE NO AGGRESSIVE MARKETING OF

EMMENTHALER OR GRUYERE CHEESE IN THE U.S. MARKET, THE
EFFECT OF WHICH IS TO INCREASE THESE EXPORTS SUBSTANTIALLY
FROM HISTORIC LEVELS, OR TO VARY SUBSTANTIALLY THE PRO-
PORTIONAL RELATIONSHIP OF GRUYERE TO EMMENTHALER EXPORTS
TO THE U.S. GENERALLY THIS MAY BE INTERPRETED TO MEAN
THAT WHOLESALE PRICES FOR THESE CHEESES IN THE U.S.
MARKET WILL BE MAINTAINED AT A LEVEL AT LEAST 20 CENTS
PER LB. ABOVE THE PRICE OF COMPARABLE U.S. CHEESES;

.....(2) THE SWISS WILL NOT EXPORT LOW QUALITY SUBSIDIZED
"GRINDER" CHEESE TO THE U.S.;

.....(3) DEFICIENCY PAYMENTS FOR EMMENTHALER CHEESE
EXPORTS TO THE U.S. WILL NOT EXCEED THOSE FOR DOMESTIC
SALES OF EQUIVALENT CATEGORIES. SUCH PAYMENTS FOR GRUYERE
EXPORTS WILL MAINTAIN THE HISTORIC RELATIONSHIP TO SUCH
PAYMENTS FOR DOMESTIC SALES OF GRUYERE;

.....(4) SHOULD THE POLICIES DESCRIBED ABOVE CREATE
DIFFICULTIES FOR EITHER PARTY, THE OTHER PARTY WILL
BE WILLING TO CONSULT, ON AN EXPEDITIOUS BASIS.

I HOPE THIS INFORMATION SUFFICIENTLY CLARIFIES THE
POSITION OF THE U.S. TREASURY DEPARTMENT IN THIS MATTER.

.....SINCERELY YOURS,
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.....DAVID R. MACDONALD
.....ASSISTANT SECRETARY
..(ENFORCEMENT, OPERATIONS
..AND TARIFF AFFAIRS)
END TEXT.

2. ABOVE FOR EMBASSY INFORMATION ONLY.

3. FINAL PARAGRAPH OF PRESS RELEASE CABLED REFTED SHOULD BE CORRECTED TO READ AS FOLLOWS:

...ASSISTANT SECRETARY MACDONALD INDICATED THAT HE BELIEVED THAT A WAIVER WOULD BE APPROPRIATE IN THIS CASE GIVEN THE FACT THAT SWISS SHARE OF THE U.S. MARKET FOR THESE CHEESES HAS BEEN IN STEADY DECLINE FOR A NUMBER OF YEARS, THAT THE SWISS PRODUCT IS NOT PRICED COMPETITIVELY WITH DOMESTICALLY PRODUCED CHEESES, AND THAT THE SWISS SUBSIDY PROGRAM EVIDENTLY DOES NOT ACT AS AN INCENTIVE TO EXPORT. ASSISTANT SECRETARY MACDONALD FURTHER STATED THAT THE WAIVER WOULD BE GRANTED IN THE LIGHT OF RECENT DISCUSSIONS WITH REPRESENTATIVES OF THE SWISS GOVERNMENT, AND WITH THE UNDERSTANDING THAT SWISS

POLICIES WITH RESPECT TO EXPORTS OF EMMENTHALER AND GRUYERE CHEESE TO THE U.S. WILL NOT CAUSE DISRUPTION IN THE U.S. MARKET. INGERSOLL

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